

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00
NSC-05 OMB-01 PM-04 USIA-15 OES-06 SP-02 SS-15 STR-04
TRSE-00 ACDA-10 FEA-01 PA-02 PRS-01 FRB-01 XMB-04
OPIC-06 LAB-04 SIL-01 /132 W
-----032313Z 002655 /70

R 031244Z MAR 77
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 0347
AMEMBASSY QUITO
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

UNCLAS BRASILIA 1655

E.O. 11652: N/A
TAGS: ETRD ENRG BR EC
SUBJECT: BRAZIL-ECUADOR OUTLINE NEW ECONOMIC AGREEMENTS

REFS: A) QUITO 1167(NOTAL) B) BRASILIA 0622

1. SUMMARY: A HIGH-LEVEL GOE MISSION VISITED
BRASILIA FEB. 15-17 TO DISCUSS SPECIFIC BILATERAL
ECONOMIC AGREEMENTS AND PROJECTS WHICH WILL BE APPROVED
AT THE FORTHCOMING MEETING OF THE BRAZIL-ECUADOR MIXED
COMMISSION. PROMINENT AMONG THESE AGREEMENTS IS THE
BRAZILIAN PURCHASE OF ECUADOREAN OIL AND THE CREATION
OF A JOINT VENTURE FOR OIL EXPLORATION AND PRODUCTION
IN ECUADOR. END SUMMARY.

2. THE ECUADOREAN MISSION WAS HEADED BY AMBASSADOR
JOSE AYALA LASSO, SUB-SECRETARY FOR FOREIGN RELATIONS,
AND INCLUDED OFFICIALS OF THE NATIONAL BOARD FOR
ECONOMIC PLANNING, THE STATE PETROLEUM CORP.
(CEPE), AND THE MINISTRIES OF PUBLIC WORKS,
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INDUSTRY & COMMERCE, AND EDUCATION. HEADING
THE BRAZILIAN DELEGATION WAS AMB. RAMIRO SARAIVA
GUERREIRO, FONMIN SECRETARY GENERAL.

3. THE MEETINGS WERE DEVOTED PRIMARILY TO DRAFTING
A SERIES OF AGREEMENTS WHICH WERE FIRST DISCUSSED
IN QUITO IN LATE 1976 (REF B) AND WHICH WILL BE

FORMALIZED AT THE NEXT MEETING OF THE BILATERAL MIXED COMMISSION SCHEDULED WITHIN THE NEXT 30-60 DAYS IN BRASILIA, (FONMIN LARA WILL REPORTEDLY HEAD THE ECUADOREAN DELEGATION.) THESE AGREEMENTS WERE OUTLINED IN THE FINAL ACT SIGNED AT THE END OF THE TALKS AND INCLUDE THE FOLLOWING:

- PURCHASE OF 30-40,000 BPD OF PETROLEUM FROM CEPE;
- ESTABLISHMENT OF A JOINT VENTURE FOR THE EXPLORATION AND PRODUCTION OF PETROLEUM IN ECUADOR;
- PURCHASE BY ECUADOR OF US\$25 MILLION WORTH OF BRAZILIAN ROAD MAINTENANCE EQUIPMENT;
- THE OPENING OF A BRANCH OF THE BANCO DO BRASIL IN QUITO TO STIMULATE FINANCIAL AND CREDIT OPERATIONS;
- CONSTRUCTION BY BRAZILIAN FIRMS OF HIGHWAYS AND SPORTS CENTERS IN ECUADOR;
- IMPROVING THE RIVER AND HIGHWAY NETWORK (VIA INTEROCEANICA") BETWEEN THE TWO COUNTRIES.

4. ACCORDING TO A KNOWLEDGEABLE GOB OFFICIAL, AN UNDERSTANDING BETWEEN THE TWO DELEGATIONS WAS REACHED WHEREBY BRAZIL WILL PAY FOR THE OIL IN SERVICES AND TECHNOLOGY RATHER THAN HARD CURRENCY. THIS OFFICIAL ALSO REPORTED THAT THE TOTAL VALUE OF THIS ARRANGEMENT HAS NOT BEEN DETERMINED.
CRIMMINS

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